Foreign investment in developing economies fell 2% in 2024, marking second year of decline

30 January 2025

A sharp drop in international project finance raises concerns about sustainable development funding and highlights the need for countries to diversify strategies to attract and sustain investment.

Foreign direct investment in developing economies fell 2% in 2024

Regional trends, billions of dollars, percentage change 2024 vs 2023

Region	Foreign direct investments	Change, 2024 vs 2023
Developing economies	854	-2%

	Foreign direct investments	
Africa	9.	+86%
Latin America and the Caribbean	1…	-9%
Asia	588	-7%

Source: UN Trade and Development (UNCTAD), based on information from The Financial Times, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.
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Foreign direct investment (FDI) to developing countries fell 2% in 2024, marking a second consecutive annual decline, according to UN Trade and Development's (UNCTAD) latest Global Investment Trends Monitor.

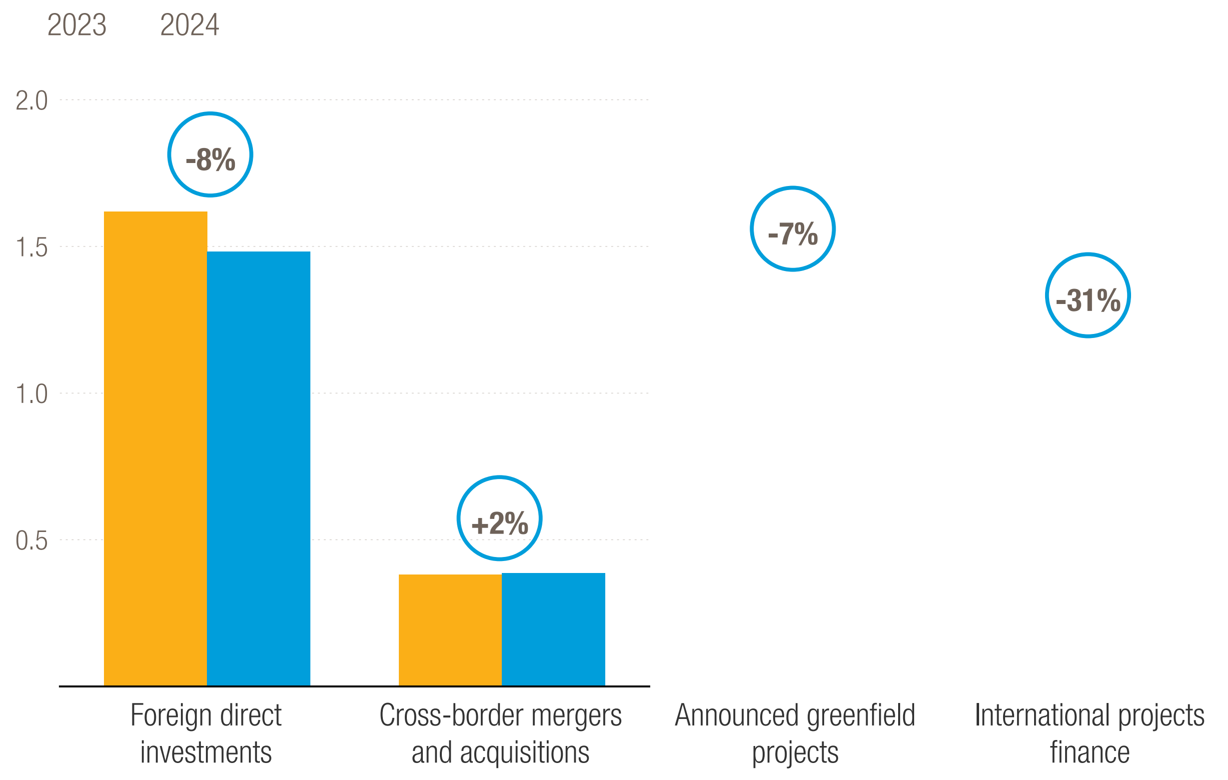
The drop in international project finance was particularly sharp, plummeting 31%. Africa and Asia were hit hard, with nearly 200 fewer announced projects in Africa and almost 150 fewer in Asia.

This downturn jeopardizes progress on the Sustainable Development Goals (SDGs), many of which rely heavily on international finance. **Globally, investments in SDG-related sectors fell 11% in 2024**, with fewer projects in agrifood systems, infrastructure, and water and sanitation than in 2015, when the goals were adopted.

The decline in the Global South came as global FDI rose 11% to $1.4 trillion. However, **UN Trade and Development noted that global FDI actually fell 8% when excluding some European conduit economies**, which often serve as transfer points for investment before they reach their final destination.

Foreign direct investments fell 8% in 2024

Global investment trends, 2024 vs 2023, trillions of dollars



Source: UN Trade and Development (UNCTAD), based on information from The Financial Times, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.
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Mixed trends: FDI falls in Asia and Latin America but rises in Africa

FDI to developing Asia, the world's largest recipient region, dropped 7%. China saw a 29% decline, with inflows now 40% below their 2022 peak.

India, by contrast, posted a 13% increase, driven by a rise in greenfield projects. **The ASEAN** bloc (Brunei Darussalam, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Viet Nam) recorded a modest 2% gain, reaching a record $235 billion.

In Africa, FDI surged 84% to $94 billion, largely due to a megaproject in **Egypt**'s Ras El-Hekma peninsula. Without this project, the continent's inflows rose by 23% but remained modest at $50 billion.

Latin America and the Caribbean saw FDI fall 9%, with flows to **Brazil** down 5%. However, greenfield investment picked up in Brazil, Argentina and Colombia, hinting at a potential rebound. **Mexico** stood out in Central America, posting an 11% increase despite weaker regional project announcements.

Outlook for 2025: Countries need to diversify investment strategies

Global FDI is expected to grow moderately in 2025, supported by improved financing conditions and a revival in mergers and acquisitions.

But the continued slide in greenfield investments and international project finance underscores the need for countries to diversify strategies to attract and sustain investment, particularly in sectors critical for sustainable development.

Geopolitical tensions and economic uncertainty remain key risks for both developed and developing economies navigating a shifting investment landscape.

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